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**FIVE DEFENDANTS PLEAD GUILTY TO FEDERAL CHARGES
OF RUNNING A FOREIGN CURRENCY "BOILER ROOM"**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced today that five defendants have pled guilty in Manhattan federal court to defrauding clients of Walter, Scott, Lev & Associates, LLP ("WSL"), a now-defunct foreign currency "boiler room," out of more than \$6 million. Two of the defendants, MICHAEL W. ROSS and MAXIM L. YAMPOLSKY, pled guilty today. The other three MICHAEL KOROBV, EDWARD S. SAPIENZA, and FRANK W. SCHIAVONE pled guilty last Thursday.

The defendants, all former officers of WSL, were arrested in November 2003 in connection with a large-scale undercover investigation of criminal activity in the foreign currency or "forex" markets, conducted by the United States Attorney's Office, the FBI, the Commodities Futures Trading Commission, and the United States Securities & Exchange Commission.

According to the Indictment as well as the defendants' statements in connection with their guilty pleas, WSL held itself

out to the investing public as a trading firm that managed investments in the forex market for retail clients. In fact, according to the Indictment and the defendants' statements, WSL operated as a classic "boiler room," in which WSL sales brokers used high pressure sales tactics to induce potential clients to invest in the forex market through WSL. According to the Indictment, from 1998 through February 2002, the defendants made, or caused other WSL sales representatives to make, false and fraudulent representations to potential retail customers, including misrepresentations regarding (i) the sales brokers' experience in the forex industry, (ii) WSL's history of generating profits for customers through trading in the forex markets, and (iii) WSL's use of investors' funds for the purpose of trading in the forex market.

As a result of these fraudulent sales practices, between approximately December 1998 and February 2002, over 900 investors entrusted more than a total of \$21 million to WSL, the Indictment alleges. According to the charges and the defendants' statements, approximately \$6.8 million of these funds were simply stolen by the defendants, including through transfers directly to the defendants or to accounts controlled by them, to pay personal credit card bills, and to pay WSL's expenses.

Each of the five defendants pled guilty to one count of conspiracy to commit mail fraud and wire fraud, one count of mail fraud, and one count of wire fraud. Each of those counts carries a maximum term of imprisonment of 5 years and a maximum fine of

the greatest of \$250,000 or twice the gross gain or loss from the offense. As part of their plea agreements, the defendants stipulated to the following sentencing ranges: ROSS and YAMPOLSKY, 87 to 108 months in prison; KOROBOV and SAPIENZA, 70 to 87 months; and SCHIAVONE, 57 to 71 months.

United states District Judge DENISE L. COTE scheduled sentencing as follows: YAMPOLSKY for June 18, 2004; ROSS, KOROBOV and SAPIENZA for June 25, 2004; and SCHIAVONE for July 9, 2004.

MICHAEL W. ROSS, 31, resides in Manhattan.

MAXIM L. YAMPOLSKY, 28, resides in Manhattan.

MICHAEL KOROBOV, 28, resides in Manhattan.

EDWARD S. SAPIENZA, 30, resides in Manhattan.

FRANK W. SCHIAVONE, 29, resides in Howard Beach, Queens.

Mr. KELLEY is a member of the President's Corporate Fraud Task Force. The Task Force is chaired by Deputy Attorney General JAMES B. COMEY, and was created by President BUSH on 2002 to combat white collar crime.

Mr. KELLEY praised the efforts of the FBI in the investigation of this case and thanked the CFTC and the SEC for their assistance.

Assistant United States Attorneys RAYMOND J. LOHIER, DEIRDRE A. MCEVOY, and MARGARET A. CIEPRISZ and are in charge of the prosecution.

